

EXHIBIT 1

INTRODUCTION

Respondent “Californians for Community Safety - Committee Against Proposition 21” (the “Committee”) was a ballot measure committee primarily formed to oppose Proposition 21 in the March 7, 2000 primary statewide election. The sponsor of Respondent Committee was the Los Angeles County Probation Officers Union, American Federation of State, County & Municipal Employees (“AFSCME”), Local 685. Respondent Ralph Miller served as the treasurer of Respondent Committee.

As a sponsored ballot measure committee, Respondent Committee had a duty to include the name of the sponsor in the name of the sponsored committee and to file periodic campaign statements disclosing contributions received and expenditures made by Respondent Committee. In this matter, Respondent Committee failed to: include the name of the sponsor in the name of the sponsored committee on its statement of organization; timely file a pre-election and semi-annual campaign statement in paper and electronic format; and disclose three late contributions in properly filed late contribution reports.

For the purposes of this stipulation, Respondents’ violations of the Political Reform Act (the “Act”)¹ are stated as follows:

- COUNT 1:** Respondents Californians for Community Safety - Committee Against Proposition 21 and Ralph Miller failed to disclose Los Angeles County Probation Officers Union, American Federation of State, County & Municipal Employees, Local 685 as the sponsor of Respondent Committee on a statement of organization, filed on or about February 22, 2000, in violation of section 84102, subdivision (a).
- COUNT 2:** Respondents Californians for Community Safety - Committee Against Proposition 21 and Ralph Miller failed to file a pre-election campaign statement in paper format by February 24, 2000, for the reporting period January 1 through February 19, 2000, in violation of section 84200.5, subdivision (c).
- COUNT 3:** Respondents Californians for Community Safety - Committee Against Proposition 21 and Ralph Miller failed to file a pre-election campaign statement in electronic format by February 24, 2000, for the reporting period January 1 through February 19, 2000, in violation of section 84604, subdivision (a)(1).

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

- COUNT 4: On or about March 1, 2000, Respondents Californians for Community Safety - Committee Against Proposition 21 and Ralph Miller failed to disclose the receipt of a \$10,000 late contribution from Los Angeles County Firefighters, American Federation of Labor and Congress of Industrial Organizations, Local 1014, on a properly filed late contribution report, in violation of section 84203, subdivision (a).
- COUNT 5: On or about March 2, 2000, Respondents Californians for Community Safety - Committee Against Proposition 21 and Ralph Miller failed to disclose the receipt of a \$20,000 late in-kind contribution from Los Angeles County Probation Officers Union, American Federation of State, County & Municipal Employees, Local 685 Political Action Fund on a properly filed late contribution report, in violation of section 84203, subdivision (a).
- COUNT 6: On or about March 3, 2000, Respondents Californians for Community Safety - Committee Against Proposition 21 and Ralph Miller failed to disclose the receipt of a \$10,000 late contribution from Service Employees International Union, Local 660 State & Local Political Fund, on a properly filed late contribution report, in violation of section 84203, subdivision (a).
- COUNT 7: Respondents Californians for Community Safety - Committee Against Proposition 21 and Ralph Miller failed to file a semi-annual campaign statement in paper format by July 31, 2000, for the reporting period February 20 through June 30, 2000, in violation of section 84200, subdivision (a).

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that receipts and expenditures in election campaigns be fully and truthfully disclosed, in order for voters to be fully informed and improper practices inhibited. To that end, the Act sets forth a comprehensive campaign reporting system.

Duty to File Statement of Organization

Section 82013, subdivision (a) defines a “committee” to include any person who receives contributions totaling \$1,000 or more in a calendar year. This type of committee is commonly referred to as a “recipient committee.” Under section 84101, subdivision (a), a person who qualifies as a recipient committee must file a statement of organization with the Secretary of State within 10 days of qualifying. Among other things, section 84102, subdivision (a) requires that the name of the committee be stated on the statement of organization.

If a committee has a sponsor, section 84102, subdivision (a) requires that the name of the sponsor be included in the name of the sponsored committee, as stated in the statement of organization. Section 82048.7, subdivision (a) defines a “sponsored committee” as a committee with one or more sponsors. Under section 82048.7, subdivision (b), an organization sponsors a committee if any of the following apply: (1) the committee receives 80 percent or more of its

contributions from the organization; (2) the organization collects contributions for the committee by use of payroll deductions or dues; (3) the organization provides all or nearly all of the administrative services for the committee; or (4) the organization sets the policies for soliciting contributions or making expenditures of committee funds.

Duty to File Periodic Campaign Statements

A recipient committee has the obligation of filing periodic campaign statements disclosing contributions received and expenditures made by the committee. Section 84200 requires recipient committees to file two semi-annual campaign statements each year. The first semi-annual campaign statement covers the reporting period January 1 to June 30, and must be filed by July 31. The second semi-annual campaign statement covers the reporting period July 1 to December 31, and must be filed by January 31 of the following year.

In addition, section 84200.5, subdivision (c) requires a recipient committee that is a primarily formed state ballot measure committee to file pre-election campaign statements as specified in section 84200.8. For elections held on a date other than June or November of an even-numbered year, section 84200.8, subdivision (a) provides that the pre-election statement for the reporting period ending 45 days before the election must be filed no later than 40 days before the election. Section 84200.8, subdivision (b) provides that the pre-election statement for the reporting period ending 17 days before the election must be filed no later than 12 days before the election.

Duty to File Periodic Campaign Statements Electronically

In 1997, the Legislature amended the Act to require various committees that are active on the state level to file their campaign statements electronically as well as on paper. When doing so, the Legislature specifically declared, as set forth in section 84601, subdivisions (b) and (c), that public access to campaign disclosure information is a vital and integral component of a fully informed electorate, and that advances in technology have made it viable for disclosure statements to be filed online, thereby maximizing availability to the public.

In connection with the March 7, 2000 primary election, section 84604, subdivision (a)(1) required primarily formed state ballot measure committees to file campaign statements electronically as well as on paper if the total cumulative reportable amount of contributions received or expenditures made was \$100,000 or more.

Duty to File Late Contribution Reports

Under section 84203, subdivision (a), when a committee makes or receives a late contribution, the committee must file a late contribution report disclosing the contribution within 24 hours of making or receiving the contribution. Section 82036 defines a “late contribution” as a contribution aggregating \$1,000 or more that is made or received before an election, but after the closing date of the last pre-election statement that is required to be filed.

Duties of a Campaign Treasurer

Under section 81004, subd. (b), section 84100 and regulation 18427, subdivision (a), it is the duty of a committee's treasurer to ensure that all requirements of the Act concerning the receipt and expenditure of funds, and the reporting of such funds, are complied with. A committee's treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee. (Sections 83116.5 and 91006.)

SUMMARY OF THE FACTS

Respondent Committee was a ballot measure committee primarily formed to oppose Proposition 21 in the March 7, 2000 primary statewide election. Proposition 21 was a successful ballot measure that increased the number of crimes for which juveniles could be sentenced as adults. The sponsor of Respondent Committee was the Los Angeles County Probation Officers Union, AFSCME, Local 685. Respondent Ralph Miller served as the treasurer of Respondent Committee.

This matter arose from an audit of Respondent Committee by the Franchise Tax Board, for the reporting period January 1 through June 30, 2000. In connection with the March 7, 2000 primary election, Respondent Committee received \$142,000 in contribution and made \$142,000 in expenditures.

COUNT 1

Failure to Include Name of Sponsor in Name of Sponsored Committee

A sponsored committee has an obligation to include the name of its sponsor in the name of the committee. Respondent Committee qualified as a sponsored committee because Los Angeles County Probation Officers Union, AFSCME, Local 685 provided all or nearly all of the administrative services for Respondent Committee, including the furnishing of office space, supplies, and personnel. Having qualified as a sponsored committee, Respondent Committee and its treasurer had a duty to include Los Angeles County Probation Officers Union, AFSCME, Local 685 in the name of the committee. However, on a statement of organization, filed on or about February 22, 2000, Respondent Committee did not include the name of the probation officers union in the name of the committee, which was instead called "Californians for Community Safety - Committee Against Proposition 21."

By failing to include the name of its sponsor in the name of the committee, Respondents violated section 84102, subdivision (a).

COUNT 2

Failure to File Second Pre-Election Campaign Statement

Prior to the March 7, 2000 primary election, as Respondent Committee was a primarily formed ballot measure committee, Respondent Committee and its treasurer had a duty to file a paper second pre-election campaign statement by February 24, 2000, disclosing contributions received and expenditures made during the reporting period January 22 through February 19, 2000. However, Respondents did not file a pre-election campaign statement by the February 24, 2000 filing due date.

By failing to timely file a paper second pre-election campaign statement by February 24, 2000, for the reporting period January 1 through February 19, 2000, Respondents violated section 84200.5. During that reporting period, Respondents received a \$100,000 contribution from AFSCME, and made expenditures totaling \$38,160. One day after the election, on March 8, 2000, Respondents filed a late contribution report disclosing the receipt of the \$100,000 contribution. In addition, on or about October 16, 2000, Respondents filed a consolidated paper campaign statement disclosing \$142,000 in contributions received, and \$142,000 in expenditures made, from January 1 through September 30, 2000.

COUNT 3

Failure to File Second Pre-Election Campaign Statement in Electronic Format

As Respondent Committee is a primarily formed ballot measure committee, Respondent Committee and its treasurer had a duty to file an electronic campaign statement for any reporting period in connection with the March 7, 2000 primary election in which Respondents made or received contributions totaling \$100,000 or more. On or about February 10, 2000, during the second pre-election reporting period January 22 through February 19, 2000, Respondents received a \$100,000 contribution from AFSCME. Having received a contribution of \$100,000 during the second pre-election reporting period, Respondents had a duty to file its second pre-election campaign statement in electronic as well as paper format by February 24, 2000. However, Respondents did not file the second pre-election campaign statement in electronic format by the February 24, 2000 due date.

By failing to timely file an electronic second pre-election campaign statement by February 24, 2000, for the reporting period January 22 through February 19, 2000, Respondents violated section 84605, subdivision (b).

COUNTS 4-6

Failure to Disclose Late Contributions in Properly Filed Late Contribution Reports

As Respondent Committee is a recipient committee, Respondent Committee and its treasurer had a duty to disclose the receipt or making of a late contribution in a properly filed late contribution report. The late contribution reporting period for the March 7, 2000 primary election was February 20 through March 6, 2000.

On February 29, 2000, Respondents received a \$10,000 contribution from Los Angeles County Firefighters, Local 1014. Respondents were required to disclose the late contribution in a properly filed late contribution report by March 1, 2000. However, Respondents did not disclose the \$10,000 late contribution by March 1, 2000.

On March 1, 2000, Respondents received a \$20,000 contribution in the form of a loan from its sponsor, Los Angeles County Probation Officers Union, AFSCME, Local 685. Respondents were required to disclose the late contribution in a properly filed late contribution

report by March 2, 2000. However, Respondents did not disclose the \$20,000 late contribution by March 2, 2000.

On March 2, 2000, Respondents received a \$10,000 late contribution from Service Employees International Union, Local 660 State & Local Political Fund. Respondents were required to disclose the late contribution in a properly filed late contribution report by March 3, 2000. However, Respondents did not disclose the \$10,000 late contribution by March 3, 2000.

By failing to disclose the receipt of three late contributions totaling \$40,000 in properly filed late contribution reports, Respondents committed three violations of section 84203, subdivision (a). One day after the election, on March 8, 2000, Respondents disclosed the receipt of the three late contributions on a late contribution report, and paid a late filing penalty of \$380.

COUNT 7

Failure to Timely File Semi-annual Campaign Statement

After the March 7, 2000 primary election, as Respondent Committee was a recipient committee, Respondent Committee and its treasurer had a duty to file a paper post-election semi-annual campaign statement by July 31, 2000, disclosing contributions received and expenditures made during the reporting period February 19 through June 30, 2000. However, Respondents did not file a semi-annual campaign statement by the July 31, 2000 filing due date.

By failing to timely file a paper post-election semi-annual campaign statement by July 31, 2000, for the reporting period February 19 through June 30, 2000, Respondents violated section 84200.5. During that reporting period, Respondents received contributions totaling \$42,000, and made expenditures totaling \$80,000. After the election, on or about October 16, 2000, Respondents filed a consolidated paper campaign statement disclosing \$142,000 in contributions received and \$142,000 in expenditures made from January 1 through September 30, 2000.

CONCLUSION

This matter consists of seven counts of violating the campaign reporting provisions of the Act, which carry a maximum administrative penalty of Two Thousand Dollars (\$2,000) per violation, for a total of Fourteen Thousand Dollars (\$14,000).

Regarding Count 1, the failure to include the name of the sponsor in the name of the sponsored committee is a serious violation of the Act, as it conceals from the public the true nature of the sponsored committee's interests. Respondents, however, were not aware that they had become a sponsored committee by virtue of receiving administrative support from the Los Angeles County Probation Officers Union. Nevertheless, as the violation is a serious one, imposition of the maximum penalty of \$2,000 is appropriate.

Regarding Counts 2 and 3, the typical stipulated penalty for failing to timely file a pre-election campaign statement is \$1,500 to \$2,000 per campaign statement, depending upon the circumstances of the violation. In this matter, Respondents failed to timely disclose that they

had received \$100,000 during the period covered by the statement. As the amount of financial activity that was not timely disclosed was significant, imposition the maximum administrative penalty for these violations is appropriate.

Regarding Counts 4 through 6, for cases resolved outside the Commission's streamlined late contribution enforcement program, the typical stipulated penalty is 15 to 25 percent of the amount of the non-disclosed contribution. As the three violations in this case do not involve aggravating circumstances, imposition of the 15 percent penalty, or \$2,000 per violation, is appropriate.

Regarding Count 7, the typical stipulated penalty for failing to timely file a semi-annual campaign is \$1,000 to \$2,000 per campaign statement, depending upon the circumstances of the violation. In this matter, as Respondents conduct is part of a pattern of failing to timely disclose the receipt of contributions and the making of expenditures in connection with the March 7, 2000 primary election, imposition of a penalty at or near the maximum administrative penalty in the amount of \$1,750 is appropriate.

Accordingly, the facts of this case justify imposition of a total administrative penalty of Thirteen Thousand Seven Hundred and Fifty Dollars (\$13,750).